

AMENDED IN SENATE AUGUST 7, 2006

AMENDED IN ASSEMBLY MAY 26, 2006

AMENDED IN ASSEMBLY APRIL 5, 2006

AMENDED IN ASSEMBLY MARCH 20, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2021

Introduced by Assembly Member Levine

February 14, 2006

An act to add ~~Article 17 (commencing with Section 399.20) to Chapter 2.3 of Part 1 of Division 4~~ *Section 25310 to the Public Resources Code, and to amend Section 9615 of the Public Utilities Code, relating to energy efficiency.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2021, as amended, Levine. Public utilities: energy efficiency.

(1) The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires it to ~~certify sufficient sites and related facilities that are required to provide a supply of electricity sufficient to accommodate projected demand for power statewide~~ *prepare an integrated energy policy report on or before November 1, 2003, and every 2 years thereafter.* Under that act, the Energy Commission also administers existing law with respect to energy conservation ~~and renewable electricity generation sources.~~

Existing law authorizes the Public Utilities Commission to regulate public utilities, including electrical and gas corporations. The Public

Utilities Act requires the commission to review and adopt a procurement plan for each electrical corporation. Under existing law, ~~a person is guilty of a crime for failing to comply with provisions of the act.~~

~~Existing law requires the commission, in consultation with the Energy Commission, is required to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for an electrical corporation to achieve pursuant to its procurement plan. Existing law requires that an electrical corporation's procurement plan include a showing that the electrical corporation will first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. Existing law requires the commission, in consultation with the Energy Commission, to identify all potentially achievable cost-effective natural gas efficiency savings and to establish efficiency targets for the gas corporation to achieve these targets and to require that a gas corporation first meet its unmet gas resource needs through all available natural gas efficiency and demand reduction resources that are cost effective, reliable, and feasible.~~

~~This bill would require the Energy Commission, on or before June 1 November 1, 2007, and every 3 years thereafter, in consultation with the commission and local publicly owned electric utilities, in a public process that allows input from other stakeholders, to identify, to develop a statewide estimate of all potentially achievable cost-effective electricity and natural gas efficiency savings and establish statewide annual targets for energy efficiency savings and demand reduction over 10 years. The bill would require the commission to use that information to meet its identification and target-setting requirements under existing law incorporate the most recent targets established by the commission into the integrated energy policy report.~~

The bill would require the Energy Commission to investigate options and develop a plan to improve the energy efficiency of, and to decrease the peak electricity demand of, air-conditioners in the state. The bill would require the Energy Commission, on or before January 1, 2008, to prepare and submit to the Legislature a report on that plan.

(2) Existing law requires each local publicly owned electric utility, in procuring energy, to first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and

feasible. Existing law requires each local publicly owned electric utility to report annually to its customers and to the Energy Commission, its investment ~~on~~ *in* energy efficiency and demand reduction programs, *as specified*.

~~This bill would require the Energy Commission~~ *a local publicly owned electric utility*, on or before June 1, 2007, and every 3 years thereafter, to identify all potentially achievable cost-effective electricity efficiency savings and *to* establish annual targets for energy efficiency savings and demand reduction over 10 years ~~for each local publicly owned electric utility, as defined. The bill would authorize the Energy Commission to establish a single minimum requirement for all local publicly owned electric utilities. The bill would require every local publicly owned electric utility to contract for independent evaluation, measurement, and verification of energy efficiency savings and demand reduction achieved by energy efficiency and demand reduction programs and to make the evaluation reports available to the public, upon request. The bill would require every local publicly owned electric utility to annually report to its customers and to the Energy Commission on its investment in energy efficiency and demand reduction programs. The bill would require that the annual report by a local publicly owned electric utility to its customers and the Energy Commission on its investment in energy efficiency and demand reduction programs, include the above-described information, and the results of an independent evaluation that measures and verifies the energy efficiency savings and reduction in energy demand achieved by its energy efficiency and demand reduction programs. The bill would require the Energy Commission to include in a report prepared under specified existing law, for each local publicly owned electric utility, a comparison of the utility's annual targets and the utility's actual energy efficiency savings and demand reduction~~ *a summary of the information reported by local publicly owned electric utilities in the integrated energy policy report*. The bill, by establishing new requirements for local publicly owned electric utilities, would create a state-mandated local program, and because the violation of these requirements would be a crime under the act, the bill would additionally impose a state-mandated local program by creating new crimes.

~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.~~

~~Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.~~

~~With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 *SECTION 1. (a) In order to ensure that prudent investments*
2 *in energy efficiency continue to be made that produce*
3 *cost-effective energy savings, reduce customer demand, reduce*
4 *overall system costs, increase reliability, and increase public*
5 *health and environmental benefits, it is the intent of the*
6 *Legislature that all load serving entities procure all cost-effective*
7 *energy efficiency measures so that the state can meet the goal of*
8 *reducing total forecasted electrical consumption by 10 percent*
9 *over the next 10 years.*

10 *(b) Expanding California's energy efficiency programs will*
11 *promote lower energy bills, protect public health, improve*
12 *environmental quality, stimulate sustainable economic*
13 *development, create new employment opportunities, and reduce*
14 *reliance on imported fuels.*

15 *(c) Expanding California's energy efficiency programs will*
16 *ameliorate air quality problems throughout the state and will*
17 *also reduce harmful greenhouse gas emissions.*

18 *SEC. 2. Section 25310 is added to the Public Resources*
19 *Code, to read:*

20 *25310. On or before November 1, 2007, and by November 1*
21 *of every third year thereafter, the commission shall, based on the*

1 *information developed pursuant to Sections 454.55, 454.56, and*
2 *9615 of the Public Utilities Code, develop a statewide estimate of*
3 *all potentially achievable cost-effective electricity and natural*
4 *gas efficiency savings and establish targets for statewide annual*
5 *energy efficiency savings and demand reduction for the next*
6 *10-year period, and include that information in the integrated*
7 *energy policy report prepared pursuant to this chapter.*

8 *SEC. 3. Section 9615 of the Public Utilities Code is amended*
9 *to read:*

10 9615. (a) Each local publicly owned electric utility, in
11 procuring energy, shall first acquire all available energy
12 efficiency and demand reduction resources that are cost effective,
13 reliable, and feasible.

14 (b) *On or before June 1, 2007, and by June 1 of every third*
15 *year thereafter, each local publicly owned electric utility shall*
16 *identify all potentially achievable cost-effective electricity*
17 *efficiency savings and shall establish annual targets for energy*
18 *efficiency savings and demand reduction for the next 10-year*
19 *period. A local publicly owned electric utility's determination of*
20 *potentially achievable cost-effective electricity efficiency savings*
21 *shall be made without regard to previous minimum investments*
22 *undertaken pursuant to Section 385.*

23 ~~(b)~~
24 (c) Each local publicly owned electric utility shall report
25 annually to its customers and to the State Energy Resources
26 Conservation and Development Commission, its investment in
27 energy efficiency and demand reduction programs. ~~A report shall~~
28 ~~contain a description of programs, expenditures, and expected~~
29 ~~and actual energy savings results. The report shall contain both~~
30 ~~the following:~~

31 (1) *A description of its energy efficiency and demand*
32 *reduction programs, expenditures, and expected and actual*
33 *energy savings results.*

34 (2) *The results of an independent evaluation that measures*
35 *and verifies the energy efficiency savings and reduction in energy*
36 *demand achieved by its energy efficiency and demand reduction*
37 *programs.*

38 (d) *The State Energy Resources Conservation and*
39 *Development Commission shall include a summary of the*
40 *information reported pursuant to subdivision (c) in the integrated*

1 *energy policy report prepared pursuant to Chapter 4*
2 *(commencing with Section 25300) of Division 15 of the Public*
3 *Resources Code.*

4 ~~SECTION 1. Article 17 (commencing with Section 399.20) is~~
5 ~~added to Chapter 2.3 of Part 1 of Division 1 of the Public~~
6 ~~Utilities Code, to read:~~

7
8 ~~Article 17. California Energy Efficiency Procurement~~
9 ~~Portfolio Standard~~

10
11 ~~399.20. The Legislature finds and declares all of the~~
12 ~~following:~~

13 ~~(a) In order to ensure that prudent investments in energy~~
14 ~~efficiency continue to be made that produce cost-effective energy~~
15 ~~savings, reduce customer demand, reduce overall system costs,~~
16 ~~increase reliability, and increase public health and environmental~~
17 ~~benefits, it is the intent of the Legislature that all load serving~~
18 ~~entities procure all cost-effective energy efficiency measures so~~
19 ~~that the state can meet the goal of reducing total forecasted~~
20 ~~electrical consumption by 10 percent over the next 10 years.~~

21 ~~(b) Expanding California's energy efficiency programs will~~
22 ~~promote lower energy bills, protect public health, improve~~
23 ~~environmental quality, stimulate sustainable economic~~
24 ~~development, create new employment opportunities, and reduce~~
25 ~~reliance on imported fuels.~~

26 ~~(c) Expanding California's energy efficiency programs will~~
27 ~~ameliorate air quality problems throughout the state and will also~~
28 ~~reduce harmful greenhouse gas emissions.~~

29 ~~(d) Energy efficiency programs provided under this article~~
30 ~~may include programs to improve the efficiency of existing~~
31 ~~transmission lines and programs to increase the efficiency of~~
32 ~~existing electricity generation facilities that do not include~~
33 ~~repowering of the generation facility.~~

34 ~~399.21. As used in this article:~~

35 ~~(a) "Energy Commission" means the State Energy Resources~~
36 ~~Conservation and Development Commission.~~

37 ~~(b) "Local publicly owned electric utility" means a local~~
38 ~~publicly owned electric utility as defined in Section 9604.~~

39 ~~399.22. On or before June 1, 2007, and every three years~~
40 ~~thereafter, the Energy Commission, in consultation with the~~

1 ~~commission and local publicly owned electric utilities, in a~~
2 ~~public process that allows input from other stakeholders, shall~~
3 ~~identify all potentially achievable cost-effective electricity and~~
4 ~~natural gas efficiency savings and establish targets for statewide~~
5 ~~annual energy efficiency savings and demand reduction over 10~~
6 ~~years.~~

7 ~~399.23. The commission shall use the information developed~~
8 ~~pursuant to Section 399.22 to meet its responsibilities pursuant to~~
9 ~~Sections 454.55 and 454.56.~~

10 ~~399.24. (a) On or before June 1, 2007, and every three years~~
11 ~~thereafter, the Energy Commission shall use the information~~
12 ~~developed pursuant to Section 399.22 to identify all potentially~~
13 ~~achievable cost-effective electricity efficiency savings and shall~~
14 ~~establish annual targets for energy efficiency savings and~~
15 ~~demand reduction over 10 years to be achieved by each local~~
16 ~~publicly owned electric utility. The Energy Commission may~~
17 ~~establish a single minimum requirement, expressed as annual~~
18 ~~savings as a percent of sales, for all local publicly owned electric~~
19 ~~utilities.~~

20 ~~(b) Local publicly owned electric utility investments in~~
21 ~~programs to achieve the energy efficiency and demand reduction~~
22 ~~targets shall be treated as procurement investments. Each local~~
23 ~~publicly owned electric utility may fund a portion of its~~
24 ~~investments in energy efficiency and demand reduction programs~~
25 ~~from the nonbypassable usage based charge established pursuant~~
26 ~~to Section 385. However, that portion shall not exceed the~~
27 ~~percentage of the funds each local publicly owned electric utility~~
28 ~~spent on those investments in 2005.~~

29 ~~(c) Each local publicly owned electric utility shall contract for~~
30 ~~independent evaluation, measurement, and verification of the~~
31 ~~energy efficiency savings and demand reduction achieved by~~
32 ~~energy efficiency and demand reduction programs. These~~
33 ~~evaluation reports shall be available to the public, upon request.~~

34 ~~(d) Each local publicly owned electric utility shall prepare and~~
35 ~~submit annually to its customers and to the Energy Commission~~
36 ~~a report on its investment in energy efficiency and demand~~
37 ~~reduction programs. The report shall contain a description of~~
38 ~~programs, expenditures, and expected and actual energy savings~~
39 ~~results.~~

~~(e) The Energy Commission shall include in each integrated energy policy report prepared pursuant to Section 25302 of the Public Resources Code, for each local publicly owned electric utility, a comparison of the utility's annual target established in accordance with subdivision (a) and the utility's actual energy efficiency savings and demand reduction.~~

~~(f) Each local publicly owned utility shall implement the requirements of this section through a public process that provides a meaningful opportunity for public participation.~~

~~SEC. 2.~~

~~SEC. 4. (a) The Legislature finds and declares that the use of air-conditioners in a hot, dry climate drives peak electricity demand in much of this state.~~

~~(b) The State Energy Resources Conservation and Development Commission shall do both of the following:~~

~~(1) Investigate options and develop a plan to improve the energy efficiency of, and to decrease the peak electricity demand of, air-conditioners.~~

~~(2) On or before January 1, 2008, prepare and submit to the Legislature a report on the plan developed pursuant to subdivision (a), including, but not limited to, any changes in law the State Energy Resources Conservation and Development Commission recommends to implement the plan.~~

~~SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.~~

~~However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.~~

~~SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service~~

- 1 *charges, fees, or assessments sufficient to pay for the program or*
- 2 *level of service mandated by this act, within the meaning of*
- 3 *Section 17556 of the Government Code.*

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